

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 AID-05 CIAE-00 COME-00
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 CIEP-01 OMB-01 STR-04 L-03 SS-15 NSC-05 ITC-01
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FM AMEMBASSY BONN

TO SECSTATE WASHDC 5761

INFO USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION GENEVA

USDEL MTN GENEVA

AMCONSUL DUSSELDORF

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY BRUSSELS

AMEMBASSY LUXEMBOURG

AMEMBASSY ROME

C O N F I D E N T I A L BONN 03065

E.O. 11652: GDS

TAGS: ECON, EIND, EEC, GW

SUBJ: US STEEL REPRESENTATIVE DISCUSSION WITH GERMAN
STEEL PRODUCERS AND FRG POLICY

REF: (A) BONN 1089 (NOTAL), (B) DUSSELDORF 103 (NOTAL),
(C) STATE 30621 (NOTAL)

1. EMBOFF INFORMED OLLIG, STEEL SECTION IN ECONMIN,
THAT OPINIONS EXPRESSED BY MR. LARRY (REFTEL A AND B)
APPEAR TO BE HIS OWN AND ARE NOT THOSE OF USG. OLLIG
WAS APPRECIATIVE OF THE FOLLOW-UP BY DEPT TO HIS INQUIRY
(REF C).

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2. OLLIG ALSO COMMENTED ON THE AMERICAN IRON AND STEEL
INSTITUTE'S PREVIOUSLY-KNOWN PROPOSAL FOR A MULTI-
NATIONAL STEEL AGREEMENT. HE STATED THAT THE CREATION
OF A STANDING COMMITTEE WITHIN THE FRAMEWORK OF THE
GATT WOULD SIMPLY INVITE "STANDING TROUBLE". HE FELT
THE EXISTENCE OF SUCH A COMMITTEE WOULD IN ITSELF
CREATE UNDESIRABLE MOMENTUM TOWARD DIRIGISM.

3. OLLIG THEN TURNED TO THE CURRENT STEEL CRISIS AND EC STEEL IMPORT RESTRICTIONS. OLLIG DID NOT BELIEVE THAT THE EC WOULD RESORT TO PROTECTIONIST MEASURES IN THE NEAR FUTURE TO DEAL WITH THE CONTINUING PROBLEM OF EC STEEL IMPORTS, SINCE NEITHER THE GERMAN NOR THE FRENCH GOVERNMENT SUPPORTS MAJOR NEW ACTIONS NOW. THE RECENTLY ENACTED PENALTY DUTIES ON JAPANESE BALL BEARINGS AND POSSIBLE ACTION AGAINST SOUTH AFRICAN EXPORTS ARE EXCEPTIONS, ACCORDING TO OLLIG. BOTH CASES SEEM TO BE CLEAR EXAMPLES OF DUMPING.

4. EMBASSY HAS NOTED RECENT PRESS REPORTS THAT GERMAN STEEL PRODUCERS ARE NOW PRESSURING THE EC COMMISSION FOR NEW IMPORT CONTROLS AS A RESULT OF THE CONTINUING STEEL SLUMP. THE INDUSTRY REPORTEDLY IS ARGUING THAT VOLUNTARY DELIVERY QUOTAS (SIMONET PLAN) ARE USELESS IN THE FACE OF INCREASING IMPORTS. OLLIG MENTIONED THAT FRG ECONOMICS MINISTER FRIDERICHs WOULD SOON BE MEETING WITH MR. SPETHMANN (CHAIRMAN OF THE BOARD OF THYSSEN AND CURRENT PRESIDENT OF THE GERMAN IRON AND STEEL INSTITUTE AND EUROFER) IN AN EFFORT TO GET GERMAN PRODUCERS BACK ON BOARD WITH THE GOVERNMENT AGAINST IMPORT CONTROLS. OLLIG EXPLAINED THAT THE GERMAN STEEL INDUSTRY, AND THYSSEN IN PARTICULAR, MANUFACTURE MACHINERY IN ADDITION TO THEIR NORMAL STEEL PRODUCTS. MUCH OF THIS MACHINERY IS EXPORTED AND FRIDERICHs WOULD POINT OUT TO SPETHMANN THE FOLLY OF CALLING FOR IMPORT CONTROLS AND ENDANGERING OTHER CONFIDENTIAL

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PROFITABLE OPERATIONS OF THE INDUSTRY. OLLIG BELIEVES THAT FRIDERICHs WOULD ALSO APPEAL FOR RESTRAINT BASED ON THE OVERALL GERMAN DEPENDENCE ON EXPORTS AND THE DANGERS OF PROTECTIONISM TO ECONOMIC RECOVERY.

5. IN ADDITION, OLLIG COMMENTED THAT BOTH THE GERMAN GOVERNMENT AND GERMAN STEEL INDUSTRY APPRECIATE THE FACT THAT TOGETHER THEY CAN WIELD ALMOST OVERWHELMING WEIGHT ON EUROPEAN STEEL ISSUES. HOWEVER, WHEN THE TWO SIDES WORK AT CROSS PURPOSES, THEIR WEIGHT CAN- NOT BE APPLIED. OLLIG EXPECTED SPETHMANN TO RESPOND POSITIVELY FOR THIS REASON, TOO.
STOESSEL

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